

Company registration number: 13777704

ANNUAL REPORT AND FINANCIAL
STATEMENTS

FOR THE PERIOD ENDED
30 SEPTEMBER 2022

ARC TOPCO LIMITED

Parent company accounts for
Wood Thilsted Limited

Company number: 11592588



MENZIES

ARC TOPCO LIMITED

COMPANY INFORMATION

Directors

A E H Lawson (appointed 2 December 2021)
S W Robinson (appointed 2 December 2021)
C L Thilsted (appointed 20 January 2022)
A M Wood (appointed 20 January 2022)

Registered number

13777704

Registered office

1st Floor
91-94 Lower Marsh
London
SE1 7AB

Independent auditors

Menzies LLP
Chartered Accountants & Statutory Auditor
1st Floor
Midas House
62 Goldsworth Road
Woking
Surrey
GU21 6LQ

ARC TOPCO LIMITED

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ARC TOPCO LIMITED

GROUP STRATEGIC REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2022

Introduction

Arc Topco Limited is the ultimate holding company which incorporates the Wood Thilsted Group and its subsidiaries. Arc Topco Limited was incorporated on the 2 December 2021, and acquired the Wood Thilsted Group via intermediate holding companies on 20 January 2022.

Wood Thilsted (WT) is a specialist renewables engineering consultancy designing the global energy transition. We provide services covering primary and secondary steel foundation design, geophysical, geotechnical, and energy and climate analytics engineering services, working on offshore wind projects globally from feasibility through operation. Operating since 2015, we have 180 staff in ten offices across three continents, including the UK, Denmark, Poland, the USA, Taiwan, Japan, and South Korea.

Business review

Wood Thilsted Group had another excellent year with revenue growth and EBITDA growth. During this period we have continued to invest in software and R&D.

The rapid growth and award of international contracts, saw expansion of the business with the opening of Companies in South Korea and Poland and the trading via a branch in Japan.

These strategic positions coupled with expansion already into Denmark, USA and Taiwan, enables the business to have technical expertise and project management locally to support our clients.

The group incurred a loss in the period as a result of interest charges and amortisation of goodwill, following the acquisition.

Environment, Social, and Governance (ESG)

Wood Thilsted continues its journey to Net Zero by 2030 and during the year and began introducing the concept of "Biodiversity Net Gain". This considers how our designs can help and improve biodiversity in our seas in preference to simply ensuring it is no worse. Such considerations are helping Wood Thilsted demonstrate its commitment to being a company for Good, with Board level commitment to achieve global recognition through the B-Corp accreditation scheme underway and we have secured ISO14001.

People

It is our people that provide the foundation to our Group companies, and it is their commitment and loyalty to Wood Thilsted that creates the culture that has proved invaluable in the challenges and rapid growth the Group has faced.

Wood Thilsted seeks to attract and retain Engineering talent to help wood Thilsted continuously improve, and provide our clients with a world class service, unrivalled by our competitors. Loss of our staff may yield to short term capacity problems and information drain to competitors. Wood Thilsted manages this risk through several measures including:

- Undertaking annual employee surveys and operating biannual PDR processes.
- Rewarding and recognizing high achievement; and
- Operation of an employee share scheme
- Measurement of employee turnover is a key KPI to ensure that measures implemented are effective.

We continue to invest in our people and processes, with earmarked funding for investment in the expertise of our people and technical development of our capabilities.

ARC TOPCO LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE PERIOD ENDED 30 SEPTEMBER 2022

Software and R&D

Wood Thilsted is committed to continuously improving our services through research and development (R&D) and software investments. We believe that these efforts are essential to stay at the forefront of our industry and provide the best possible service to our clients.

In recent years, we have significantly increased our investment in R&D and software, which has resulted in tangible improvements to our services.

Our software investments have first of all enabled us to upscale our software platforms to handle larger volumes of data and projects while maintaining a streamlined workflow, high technical quality and quick turnaround times as our organization expands with the ever growing market.

This investment has enabled us to expand our service offerings to cover all stages of a project, from early phase surveys and site assessments to project maturation, detailed design, fabrication, installation, and operation. This allows us to provide holistic solutions to our clients, ensuring the best possible outcomes for their projects.

As a recent development, our foundation design and optimization platform now also covers jacket foundations along the same philosophy behind our state-of-the-art procedures for monopiles. Rather than using a general purpose commercial software, we tailor our tools specifically to the unique challenges in offshore wind, which provide us full control of the dataflow facilitating automated optimization and documentation and allows us to efficiently improve and adapt to the rapidly changing industry needs.

Overall, our investments in software and R&D demonstrate our commitment to delivering exceptional service to our clients. We are confident that our streamlined dataflow, efficient software platforms, and mature design tools will continue to drive improvements in our services and enable us to meet the evolving needs of our clients.

Qualifying R&D in last financial year was circa £1.2m and budgeted investment in Technical Development is expected to circa 2.5% of revenue for FY23.

Quality

Wood Thilsted Group has established a strong reputation for good Quality, this is supported by a ISO9001 certified quality management system and includes a thorough review of the business process and a reporting function for any near misses or know quality issues.

ARC TOPCO LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE PERIOD ENDED 30 SEPTEMBER 2022

Principal risks and uncertainties

Cash Flow & Liquidity Risk

The Group seeks to mitigate liquidity risk by closely managing cash flows through robust cash flow forecasting and bank funding in the form of a revolving credit facility.

Credit Risk

Credit risk comes from the granting of payment terms to customers in the UK, USA, Europe and the Asia. These customers are predominately blue-chip international organisations. Where feasible, customers are vetted through analysis of customer provided financial information.

Foreign Exchange Risk

The Group is predominately exposed to currency risk on sales made in several different currencies. The company operates a natural hedging through operating bank accounts in a number of currencies including US dollars and Euro's. The Group also use natural hedging to mitigate any currency risk.

Interest Risk

The Group's exposure to market risk in relation to changes in interest rates relates primarily to a revolving credit facility secure in the financial year. The Group manages this risk through sensitivity analysis and seeks to maintain adequate headroom against an adverse move in base rates.

Reliance on Key Customers

The offshore wind market comprises of a small number of large customers, Wood Thilsted has actively secured new business with a number of customers to ensure that they have a diverse portfolio of large customers.

Financial key performance indicators

	2022 £
Revenue	15,962,049
Gross Profit	8,960,425
EBTIDA	4,299,414

The directors are satisfied with the performance of the financial key performance indicators.

Non-financial KPIs are not produced here because, given the nature of the business, the company's directors are of the opinion that analysis using such KPIs is not necessary to gain an understanding of the development, performance or position of the entity.

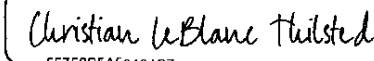
ARC TOPCO LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE PERIOD ENDED 30 SEPTEMBER 2022

Future developments

The financial platform of the Group remains robust and this enables continued investment in its people, technical development and services, to support the significant growth in demand seen from its customers. We are confident that these investments will create sufficient additional capacity to support this growth.

This report was approved by the board and signed on its behalf.

DocuSigned by:

.....5575AB5A5318AC7.....
C L Thilsted
Director

DocuSigned by:

.....EAE6B41223314FF.....
A M Wood
Director

Date: 30-Jun-2023

ARC TOPCO LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2022

The directors present their report and the financial statements for the period ended 30 September 2022.

Directors

The directors who served during the period were:

A E H Lawson (appointed 2 December 2021)
S W Robinson (appointed 2 December 2021)
C L Thilsted (appointed 20 January 2022)
A M Wood (appointed 20 January 2022)

Principal activity

The principal activity of the Group is that of engineering consultancy in support of offshore wind projects.

The Company was incorporated on 2 December 2021 and started trading on 20 January 2022.

Directors' responsibilities statement

The directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and dividends

The loss for the period, after taxation, amounted to £2,337,733.

No dividends were declared during the period. The directors do not recommend payment of a dividend.

Matters covered in the Group Strategic Report

The Company has chosen in accordance with Section 414C(11) of the Companies Act 2006 (Strategic Report and Director's Report) Regulations 2013 to set out within the company's Strategic Report the Company's Report Information Required by Schedule 7 of the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulations 2008.

This includes information that would have been included in the business review and details of the principal risks and uncertainties.

ARC TOPCO LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE PERIOD ENDED 30 SEPTEMBER 2022

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditors are aware of that information.

Post balance sheet events

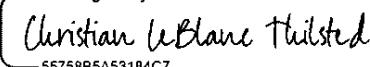
There have been no significant events affecting the Group since the year end.

Auditors


The auditor, Menzies LLP was appointed as auditor for Arc Topco Limited on 25 July 2022 in accordance with section 485 of the Companies Act 2006.

Under section 487(2) of the Companies Act 2006, Menzies LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board and signed on its behalf.

DocuSigned by:

.....
55758B5A53184C7
C L Thilsted
Director

Date: 30-Jun-2023

DocuSigned by:

.....
EAEEB41223314FF...
A M Wood
Director

Date: 30-Jun-2023

ARC TOPCO LIMITED

MENZIES

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ARC TOPCO LIMITED

Opinion

We have audited the financial statements of Arc Topco Limited (the 'parent Company') and its subsidiaries (the 'Group') for the period ended 30 September 2022, which comprise the Group Statement of Comprehensive Income, the Group and Company Statements of Financial Position, the Group Statement of Cash Flows, the Group and Company Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 30 September 2022 and of the Group's loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

Subsequent to the year end, the company was notified of possible claims in respect of two projects which had previously been considered complete. See further explanation in Note 24.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's or the parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

ARC TOPCO LIMITED

MENZIES

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ARC TOPCO LIMITED (CONTINUED)

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' Report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Group Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

ARC TOPCO LIMITED

MENZIES

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ARC TOPCO LIMITED (CONTINUED)

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Group financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

The Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation. We determined that the following laws and regulations were most significant including:

- The Companies Act 2006;
- Financial Reporting Standard 102;
- UK employment legislation;
- UK health and safety legislation; and
- General Data Protection Regulations

We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

- We understood how the Company are complying with those legal and regulatory frameworks by making inquiries to management and those responsible for legal and compliance procedures. We corroborated our inquiries through our review of board minutes.
- The engagement partner assessed whether the engagement team collectively had the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations. The assessment did not identify any issues in this area.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the engagement team included:
 - Understanding how those charged with governance considered and addressed the potential for override of controls or other inappropriate influence over the financial reporting process;
 - Challenging assumptions and judgments made by management in its significant accounting estimates; and
 - Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations.

As a result of the above procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas:

- Posting of journals to the accounting software which are of a non-routine nature in terms of timing and amount;
- Timing of revenue recognition; and
- The use of management override of controls to manipulate results, or to cause the Company to enter into transactions not in their best interests.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

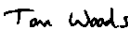
ARC TOPCO LIMITED

MENZIES

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ARC TOPCO
LIMITED (CONTINUED)

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

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Tom Woods FCA (Senior Statutory Auditor)

for and on behalf of
Menzies LLP

Chartered Accountants
Statutory Auditor

1st Floor
Midas House
62 Goldsworth Road
Woking
Surrey
GU21 6LQ
Date: 30-Jun-2023

ARC TOPCO LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 SEPTEMBER 2022

	Note	2022 £
Turnover	4	15,962,049
Cost of sales		(7,001,624)
Gross profit		8,960,425
Administrative expenses		(8,981,214)
Exceptional administrative expenses	12	(458,764)
Operating (loss)/profit	5	(479,553)
Interest receivable and similar income	9	567
Interest payable and similar expenses	10	(1,597,926)
Loss before tax		(2,076,912)
Tax on loss	11	(260,821)
Loss for the financial period		(2,337,733)
Other comprehensive income for the period		
Share-based payment reserve movement	23	(59,014)
Other comprehensive income for the period		(59,014)
Total comprehensive income for the period		(2,396,747)

The notes on pages 18 to 37 form part of these financial statements.


ARC TOPCO LIMITED

REGISTERED NUMBER:13777704

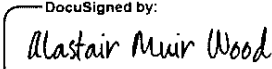
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2022

	Note	2022 £
Fixed assets		
Intangible assets	13	65,830,282
Tangible assets	14	498,427
Investments	15	43,733
		<u>66,372,442</u>
Current assets		
Debtors: amounts falling due within one year	16	11,168,262
Cash at bank and in hand		4,032,494
		<u>15,200,756</u>
Creditors: amounts falling due within one year	17	(1,597,090)
Net current assets		<u>13,603,666</u>
Total assets less current liabilities		<u>79,976,108</u>
Creditors: amounts falling due after more than one year	18	(34,775,377)
Provisions for liabilities		
Deferred tax	19	(43,143)
Other provisions	20	(341,764)
		<u>(384,907)</u>
Net assets		<u><u>44,815,824</u></u>
Capital and reserves		
Called up share capital	21	46,862,749
Foreign exchange reserve	22	231,794
Share based payment reserve	22	59,014
Profit and loss account	22	(2,337,733)
		<u><u>44,815,824</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

DocuSigned by:

55758E5A53184C7.....
C L Thilsted
 Director

Date: 30-Jun-2023

DocuSigned by:

FAEE041223814FF.....
A M Wood
 Director

Date: 30-Jun-2023

The notes on pages 18 to 37 form part of these financial statements.

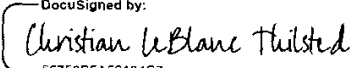
ARC TOPCO LIMITED

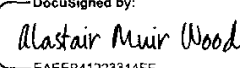
REGISTERED NUMBER: 13777704

COMPANY STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2022

	Note	2022 £
Fixed assets		
Investments	15	554,306
		<u>554,306</u>
Current assets		
Debtors: amounts falling due after more than one year	16	48,827,837
Debtors: amounts falling due within one year	16	125,391
		<u>48,953,228</u>
Creditors: amounts falling due within one year	17	(580,002)
		<u>48,373,226</u>
Net current assets		<u>48,373,226</u>
Total assets less current liabilities		<u>48,927,532</u>
		<u><u>48,927,532</u></u>
Net assets		<u><u>48,927,532</u></u>
Capital and reserves		
Called up share capital	21	46,862,749
Share based payment reserve	22	59,014
Profit for the period		2,005,769
Profit and loss account carried forward		<u>2,005,769</u>
		<u><u>48,927,532</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

DocuSigned by:

A675985A63184C7.....
C L Thilsted
 Director 30-Jun-2023

DocuSigned by:

FA5EB41233914EF.....
A M Wood
 Director 30-Jun-2023

The notes on pages 18 to 37 form part of these financial statements.

ARC TOPCO LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2022

	Called up share capital £	Foreign exchange reserve £	Other reserves £	Profit and loss account £	Total equity £
Comprehensive income for the period					
Loss for the period	-	-	-	(2,337,733)	(2,337,733)
Share based payment movement	-	-	59,014	-	59,014
Other comprehensive income for the period	-	-	59,014	-	59,014
Total comprehensive income for the period	-	-	59,014	(2,337,733)	(2,278,719)
Shares issued during the period	46,862,749	-	-	-	46,862,749
Foreign exchange reserve movement	-	231,794	-	-	231,794
Total transactions with owners	46,862,749	231,794	-	-	47,094,543
At 30 September 2022	46,862,749	231,794	59,014	(2,337,733)	44,815,824

The notes on pages 18 to 37 form part of these financial statements.

ARC TOPCO LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2022

	Called up share capital £	Other reserves £	Profit and loss account £	Total equity £
Comprehensive income for the period				
Profit for the period	-	-	2,005,769	2,005,769
Share based payment movement	-	59,014	-	59,014
Shares issued during the period	46,862,749	-	-	46,862,749
Total transactions with owners	46,862,749	-	-	46,862,749
At 30 September 2022	46,862,749	59,014	2,005,769	48,927,532

The notes on pages 18 to 37 form part of these financial statements.

ARC TOPCO LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 SEPTEMBER 2022

	2022 £
Cash flows from operating activities	
Loss for the financial period	(2,337,733)
Adjustments for:	
Amortisation of intangible assets	4,703,637
Depreciation of tangible assets	75,330
Loss on disposal of tangible assets	17,966
Interest paid	1,597,926
Interest received	(567)
(Increase) in debtors	(3,746,372)
Increase in creditors	32,437,901
Increase in provisions	341,764
Deferred tax asset	16,795
Foreign exchange	231,794
Interest receivable	567
Net cash generated from operating activities	33,339,008
Cash flows from investing activities	
Purchase of tangible fixed assets	(92,112)
Sale of tangible fixed assets	1,125
Purchase of unlisted and other investments	(17,801)
Purchase of fixed asset investments	(76,119,489)
Net cash from investing activities	(76,228,277)
Cash flows from financing activities	
Issue of ordinary shares	46,862,749
Share based payment expense	59,014
Net cash used in financing activities	46,921,763
Net increase in cash and cash equivalents	4,032,494
Cash and cash equivalents at the end of period	4,032,494
Cash and cash equivalents at the end of period comprise:	
Cash at bank and in hand	4,032,494
	4,032,494

The notes on pages 18 to 37 form part of these financial statements.

ARC TOPCO LIMITED

CONSOLIDATED ANALYSIS OF NET DEBT FOR THE PERIOD ENDED 30 SEPTEMBER 2022

	Cash flows £	At 30 September 2022 £
Cash at bank and in hand	4,032,494	4,032,494
Debt due after 1 year	(30,341,782)	(30,341,782)
Debt due within 1 year	(68,643)	(68,643)
	<u>(26,377,931)</u>	<u>(26,377,931)</u>

The notes on pages 18 to 37 form part of these financial statements.

ARC TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2022

1. General information

ARC Topco Limited ("the company") is a private company limited by shares and is registered and incorporated in England and Wales. The address of its registered office and principal place of business is disclosed on the company information page.

The group consists of ARC Topco Limited and all its subsidiaries.

The company's and the group's principal activities and nature of operations are disclosed in the strategic report.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

The following principal accounting policies have been applied:

2.2 Basis of Consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the group") as if they form a single entity. Intercompany transactions and balances between groups companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of Financial Position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

ARC TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2022

2. Accounting policies (continued)

2.3 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

2.4 Revenue

Turnover is recognised at the fair value of the consideration received or receivable for sale of goods and services to external customers in the ordinary nature of the business. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates. Turnover is shown net of Value Added Tax.

Turnover is recognised by reference to the separately identifiable components of a contract as necessary to reflect the substance of the contract and in relation to linked contracts as necessary to reflect the commercial effect. Typically, Wood Thilsted treat contractually agreed milestones as single components and recognise revenue in relation to the progress of these milestones.

Sale of professional services

Turnover from contracts for the provision of professional services to provide structural and geotechnical engineering consultancy is recognised by reference to the stage of completion when costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. This progress is typically measured for each contractually agreed milestone. Where the outcome cannot be estimated reliably, turnover is recognised only to the extent of the expenses recognised that it is probable will be recovered.

2.5 Interest income

Interest income is recognised in profit or loss using the effective interest method.

ARC TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2022

2. Accounting policies (continued)

2.6 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.7 Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.8 Share-based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Group keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

Where equity instruments are granted to persons other than employees, profit or loss is charged with fair value of goods and services received.

2.9 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Group but are presented separately due to their size or incidence.

2.10 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted Groups shares, whose market value can be reliably determined, are remeasured to market value at each reporting date. Gains and losses on remeasurement are recognised in the Consolidated Statement of Comprehensive Income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

ARC TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2022

2. Accounting policies (continued)

2.11 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Group in independently administered funds.

2.12 Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

ARC TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2022

2. Accounting policies (continued)

2.13 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight-line basis to the Consolidated Statement of Comprehensive Income over its useful economic life.

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

2.14 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Motor vehicles	- 3 years straight-line
Office equipment	- 3 years straight-line
Computer equipment	- 3 years straight-line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.15 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the reporting date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

ARC TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2022

2. Accounting policies (continued)

2.16 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.17 Financial instruments

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

2.18 Share based payments

Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted using the Black Scholes model. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to equity.

The expense in relation to options over the parent company's shares granted to employees of a subsidiary is recognised by the subsidiary as a capital contribution, and presented as an increase in the parent company's investment in that subsidiary.

When the terms and conditions of equity-settled share-based payments at the time they were granted are subsequently modified, the fair value of the share-based payment under the original terms and conditions and under the modified terms and conditions are both determined at the date of the modification. Any excess of the modified fair value over the original fair value is recognised over the remaining vesting period in addition to the grant date fair value of the original share-based payment. The share-based payment expense is not adjusted if the modified fair value is less than the original fair value.

Cancellations or settlements (including those resulting from employee redundancies) are treated as an acceleration of vesting and the amount that would have been recognised over the remaining vesting period is recognised immediately.

2.19 Subsidiary audit exemption

A number of subsidiary companies; Wood Thilsted Limited (Registration number 11592588), Arc Midco 2 Limited (Registration number 13778332), and Arc Bidco Limited (Registration number 13778577) are exempt pursuant to Section 479A of the Companies Act 2006 from requirements of the UK Companies Act 2006 relating to audit of individual accounts if the following requirements are met.

- The legal representatives of Wood Thilsted Limited, Arc Midco 2 Limited, and Arc Bidco Limited have agreed to the exemption in respects of the period ending 30 September 2022.
- Arc Topco Limited has given guarantee regarding the liabilities of Wood Thilsted Limited, Arc Midco 2 Limited, and Arc Bidco Limited.
- Wood Thilsted Limited, Arc Midco 2 Limited, and Arc Bidco Limited are included in the consolidated accounts of Arc Topco Limited drawn up as at 30 September 2022 accordance with the provisions of the Companies Act 2006.

ARC TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2022

3. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amount reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Estimates and assumptions:

Long term Contracts

Where there is income to be received in respect of work on long-term contracts. This is based on estimates of the work completed and is then recognised on the cost effort performed.

Share based payments

The fair value of share-based awards is measured using the Black-Scholes model which inherently makes use of significant estimates and assumptions concerning the future. Such estimates and assumptions include the expected life of the options and the number of employees that will achieve the vesting conditions. Further details of the share option scheme are given in note 23.

4. Turnover

An analysis of turnover by class of business is as follows:

	2022 £
Rendering of services	15,962,049
	<u>15,962,049</u>

Analysis of turnover by country of destination:

	2022 £
United Kingdom	11,919,477
Rest of Europe	887,950
Rest of the world	3,154,622
	<u>15,962,049</u>

ARC TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2022

5. Operating (loss)/profit

The operating (loss)/profit is stated after charging:

	2022 £
Amortisation of intangible assets	4,703,637
Depreciation of tangible assets	75,330
Gains on disposal of tangible assets	(1,125)
Operating lease payments	728,503
Difference on foreign exchange	(126,361)
Share based payments	359,138
	<u>359,138</u>

6. Auditors' remuneration

	2022 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	<u>23,450</u>
Fees payable to the Group's auditor and its associates in respect of:	
All other services	<u>20,850</u>
	<u>20,850</u>

ARC TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2022

7. Employees

Staff costs, including directors' remuneration, were as follows:

	Group 2022 £	Company 2022 £
Wages and salaries	6,428,600	-
Social security costs	497,721	-
Cost of defined contribution scheme	635,932	-
	7,562,253	-

The average monthly number of employees, including the directors, during the period was as follows:

	Group 2022 No.	Company 2022 No.
Directors	4	4
Employees	139	-
	143	4

At the year end, the number of employees in the group was 173.

8. Directors' remuneration

	2022 £
Directors' emoluments	836,166
Group contributions to defined contribution pension schemes	85,958

The highest paid director received remuneration of £175,847.

The value of the Group's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £33,862.

The total emoluments above are in relation to 2 statutory directors and 7 de facto directors, considered to be key management personnel. During the year retirement benefits were accruing to 2 statutory directors and 7 de facto directors in respect of defined contribution pension schemes.

ARC TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2022

9. Interest receivable

	2022 £
Other interest receivable	567
	<u>567</u>

10. Interest payable and similar expenses

	2022 £
Other loan interest payable	1,597,926
	<u>1,597,926</u>

11. Taxation

	2022 £
Corporation tax	
Current tax on profits for the year	215,333
	<u>215,333</u>
Foreign tax	
Foreign tax on income for the year	51,645
	<u>51,645</u>
Total current tax	<u>266,978</u>
Deferred tax	
Origination and reversal of timing differences	(6,157)
Total deferred tax	<u>(6,157)</u>
Taxation on profit on ordinary activities	<u>260,821</u>

ARC TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2022

11. Taxation (continued)

Factors affecting tax charge for the period

The tax assessed for the period is higher than the standard rate of corporation tax in the UK of 19%. The differences are explained below:

	2022 £
(Loss)/profit on ordinary activities before tax	(2,076,912)
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19%	(394,613)
Effects of:	
Non-tax deductible amortisation of goodwill and impairment	893,349
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	112,918
Capital allowances for period in excess of depreciation	(19,745)
Adjustments to tax charge in respect of prior periods	51,645
Short-term timing difference leading to an increase (decrease) in taxation	(5,807)
Other timing differences leading to an increase (decrease) in taxation	34,662
Pre-acquisition corporation tax	(275,497)
Consolidation adjustments impact on profit	93,418
Unrelieved tax losses carried forward	62,068
Remeasurement of deferred tax	(8,157)
Deferred tax not recognised	27,836
Other permanent differences	(420,220)
Foreign taxation adjustments	108,964
Total tax charge for the period	260,821

Factors that may affect future tax charges

Changes to the UK corporation tax rates were substantively enacted as part of the Finance Bill 2021 on 24 February 2022. These include increases to the main rate of tax. Deferred taxes at the balance sheet date would have been measured using these enacted tax rates and reflected in the financial statements.

12. Exceptional items

	2022 £
Costs in relation to potential claim	458,764
	458,764

For further information see Notes 20 and 24.

ARC TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2022

13. Intangible assets

Group

	Computer software £	Goodwill £	Total £
Cost			
Additions	-	70,527,592	70,527,592
On acquisition of subsidiaries	6,327	-	6,327
At 30 September 2022	6,327	70,527,592	70,533,919
Amortisation			
Charge for the period on owned assets	1,798	4,701,839	4,703,637
At 30 September 2022	1,798	4,701,839	4,703,637
Net book value			
At 30 September 2022	4,529	65,825,753	65,830,282

ARC TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2022

14. Tangible fixed assets

Group

	Motor vehicles £	Office equipment £	Computer equipment £	Total £
Cost or valuation				
Additions	-	10,259	81,853	92,112
Acquisition of subsidiary	18,664	97,540	384,532	500,736
Disposals	(18,664)	-	(548)	(19,212)
At 30 September 2022	-	107,799	465,837	573,636
Depreciation				
Charge for the period on owned assets	-	11,951	63,379	75,330
Disposals	-	-	(121)	(121)
At 30 September 2022	-	11,951	63,258	75,209
Net book value				
At 30 September 2022	-	95,848	402,579	498,427

15. Fixed asset investments

Group

	Other fixed asset investments £
Cost or valuation	
Additions	43,733
At 30 September 2022	43,733

ARC TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2022

15. Fixed asset investments (continued)

Company

	Investments in subsidiary companies £
Cost or valuation	
Additions	554,306
At 30 September 2022	554,306

Direct subsidiary undertaking

The following was a direct subsidiary undertaking of the Company:

Name	Registered office	Class of shares	Holding
ARC Midco Limited	1st Floor, 91 -94 Lower Marsh, London, England, SE1 7AB	Ordinary	100%

ARC TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2022

15. Fixed asset investments (continued)

Indirect subsidiary undertakings

The following were indirect subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
Arc Midco 2 Limited	A	Ordinary	100%
Arc Bidco Limited	A	Ordinary	100%
Wood Thilsted Limited	A	Ordinary	100%
Wood Thilsted Nominees Limited	A	Ordinary	100%
Wood Thilsted Partners Limited	A	Ordinary	100%
Wood Thilsted APS	B	Ordinary	100%
Wood Thilsted Inc	C	Ordinary	100%
Wood Thilsted Poland	D	Ordinary	100%
Wood Thilsted South Korea	E	Ordinary	100%

A - 1st Floor, 91 -94 Lower Marsh, London, England, SE1 7AB

B - Kathrinevej 1, 2900 Hellerup, Denmark

C - 1400 Hancock St., 4th Floor, Quincy, MA 02169

D - Inflancka 4, Warsaw, Poland, 00-189

E - #603, 366 Cheonho-daero Seongdong-gu, Seoul, Korea

On 20 January 2022, Arc Topco Limited, via its wholly owned indirect subsidiary, Arc Bidco Limited, acquired 100% of the net assets of Wood Thilsted Group Limited, totalling £10,953,010 for consideration of £81,810,972, resulting in goodwill of £70,527,592. As part of the consideration, £4,433,595 was deferred consideration, payable over 1 year. See Note 18.

Goodwill of £70,527,592 will be amortised in the profit and loss account over 10 years.

On 4 September 2022, Arc Topco Limited, via its wholly owned indirect subsidiary, Wood Thilsted Limited, incorporated a new entity, Wood Thilsted South Korea.

All entities listed above are included in the consolidated financial statements from the respective acquisition dates listed above.

ARC TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2022

16. Debtors

	Group 2022 £	Company 2022 £
Amounts owed by group undertakings	-	48,827,837
	-	48,827,837
	Group 2022 £	Company 2022 £
Trade debtors	5,114,904	-
Amounts owed by group undertakings	-	102,440
Other debtors	893,854	22,951
Prepayments and accrued income	1,049,520	-
Amounts recoverable on long-term contracts	3,845,292	-
Tax recoverable	264,692	-
	11,168,262	125,391

17. Creditors: Amounts falling due within one year

	Group 2022 £	Company 2022 £
Trade creditors	498,738	136,014
Amounts owed to group undertakings	-	18,469
Corporation tax	419,894	417,779
Other taxation and social security	191,690	-
Other creditors	126,348	-
Accruals and deferred income	360,420	7,750
	1,597,090	580,002

ARC TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2022

18. Creditors: Amounts falling due after more than one year

	Group 2022 £
Other loan notes	30,341,782
Deferred consideration (Note 15)	4,433,595
	<u>34,775,377</u>

Other loan notes relate to investor and management loan notes subscribed which are repayable in January 2029. The loan notes are interest bearing with a coupon rate of 8% per annum, compounding over the term.

19. Deferred taxation

Group

	2022 £
Charged to profit or loss	(43,143)
At end of year	<u><u>(43,143)</u></u>

The deferred taxation balance is made up as follows:

	Group 2022 £
Accelerated capital allowances	(43,143)
	<u><u>(43,143)</u></u>

ARC TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2022

20. Provisions

Group

	Provision £
Charged to profit or loss	341,764
At 30 September 2022	341,764

Subsequent to the year end, Wood Thilsted Partners Limited was notified of possible claims in respect of two projects which had previously been considered complete. Internal costs incurred relating to this totalled £458,764, which is shown in exceptional costs. £117,000 was recognised in the year and a provision made of £341,764 as at the year end. A contingent liability note has been included see Note 24 in relation to this provision.

21. Share capital

	2022 £
Allotted, called up and fully paid	
46,600,000 Ordinary B shares of £1 each	46,600,000
10,840 Ordinary C shares of £1 each	10,840
251,909 Ordinary A shares of £1 each	251,909
	46,862,749

Each ordinary share carries voting rights and there are no restrictions on the distributions of dividends.

22. Reserves

Share based payment reserve

The expense in relation to options over the parent company's shares granted to employees of the company are recognised by the company as a capital contribution, and presented within the capital contribution reserve. In the parent company it is recognised in the share payment reserve.

Foreign exchange reserve

The expense in relation to the conversion of foreign subsidiaries are presented within the foreign exchange reserve.

Profit and loss account

Profit and loss reserves reflect cumulative profits and losses net of distributions to owners.

ARC TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2022

23. Share-based payments

In July 2022 a new EMI option scheme was created granting 797,500 options on C shares at an exercise price of £0.02p. The share options vest over a period of 4 years and exercise only on sale or exit.

The equity instruments issued are those of the parent company, ARC Topco Limited. The subsidiaries such as Wood Thilsted Partners Limited recognise the expense for share based payment of these employees with options granted and is reflected in the results of the Company, as this is the entity that receives the economic benefit.

The fair value of the options granted in the year was determined using the Black-Scholes model option pricing model using entity-specific observable market data. Service conditions and non-market performance conditions are taken into account by adjusting the number of options expected to vest at each reporting date.

	Weighted average exercise price (pence) 2022	Number 2022
Granted during the year	0.02	1,192,500
Outstanding at the end of the year	0.02	1,192,500

	2022
Option pricing model used	Black Scholes
Weighted average share price (pence)	0.81
Exercise price (pence)	0.02
Weighted average contractual life (days)	1460
Expected volatility	50%
Expected dividend growth rate	0
Risk-free interest rate	1.88%
	2022
	£
Equity-settled schemes	59,014

24. Contingent liabilities

Subsequent to the year end, the company was notified of possible claims in respect of two projects which had previously been considered complete. Internal costs incurred relating to this totalled £458,764, which is shown in exceptional costs. £117,000 was recognised in the year and a further provision of £341,764 has been made on the basis of further expenditure known to be required as at the year end.

Further expenditure in respect of the possible claims is anticipated in financial year ending 30 September 2023, however the quantum of the associated costs is unknown, and therefore no further provision has been recognised.

ARC TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2022

25. Pension commitments

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. Contributions totalling £68,643 were payable to the fund at the reporting date and are included in creditors.

26. Commitments under operating leases

At 30 September 2022 the Group had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2022 £
Not later than 1 year	192,699
Later than 1 year and not later than 5 years	11,735
	<u>204,434</u>

27. Related party transactions

The Group and Company have taken advantage of the exemption available under Section 33 of FRS 102 and have not disclosed details of transactions or balances with wholly-owned group entities.

28. Controlling party

The directors of the company deem C L Thilsted and A M Wood to be the ultimate controlling parties.